

# GEORGETOWN RAILROAD COMPANY

POST OFFICE BOX 529  
GEORGETOWN, TEXAS 78626  
512 - 863-2538

W. P. LUDWIG, JR.  
PRESIDENT

July 7, 1980

Mrs. Agatha L. Mergenovich, Secretary  
Interstate Commerce Commission  
Washington, D. C. 20423

11970  
RECORDATION NO. \_\_\_\_\_ Filed 1425  
JUL 8 1980 - 12 05 PM  
INTERSTATE COMMERCE COMMISSION  
No. 0-2904020  
Date JUL 8 1980  
Fee \$ 50.00  
ICC Washington, D. C.

Dear Mrs. Mergenovich:

Enclosed herewith for filing pursuant to Section 11303 of the Interstate Commerce Act are six executed counterparts of a Purchase Money Mortgage dated as of July 1, 1980 relating to railroad equipment hereinafter described, between Capital National Bank and Georgetown Railroad Company.

The equipment covered by the above described Purchase Money Mortgage consists of:

Type	Quantity	Identifying Numbers (inclusive)	AAR Mechanical Designation
Plain gondola cars	358	GRR 1400 through GRR 1757	GB

Also enclosed is check in the amount of \$50.00 representing the required recording fees.

The names and addresses of the parties to the above transaction are as follows:

Georgetown Railroad Company	Capital National Bank in Austin
P. O. Box 529	P. O. Box 550
Georgetown, Texas 78626	Austin, Texas 78789
Attention of W. P. Ludwig, Jr., President	Attention of Clifton E. Lind, Vice President

You are hereby requested to file for record in your office two of the counterparts of the enclosed Purchase Money Mortgage. Thereupon, please stamp the remaining counterparts and the enclosed copies of this letter with the appropriate recordation data and return them to Donald J. Reese, Attorney, Clark, Thomas, Winters and Shapiro, Capital National Bank Building, P. O. Box 1148, Austin, Texas 78767, along with your usual letter confirming such recordation addressed to Capital National Bank in Austin, P. O. Box 550, Austin, Texas 78789, attention of Clifton E. Lind, plus your receipt for the recordation fee.

Yours very truly,

GEORGETOWN RAILROAD COMPANY

RECEIVED  
JUL 8 12 03 PM '80  
W. P. Ludwig, Jr., President

WPL/mw  
enclosures

July 8, 1980

**Interstate Commerce Commission**  
Washington, D.C. 20423

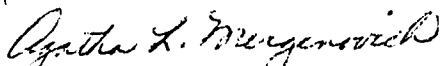
OFFICE OF THE SECRETARY

**Ludwig, W. P. , Jr., President**  
**Georgetown Railroad Company**  
**Post Office Box 529**  
**Georgetown, Texas 78626**

Dear **Sir:**

The enclosed document (s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **7/8/80** at **12:05 PM** , and assigned recordation number (s) **11970**.

Sincerely yours,

  
Agatha L. Mergenovich  
Secretary

Enclosure(s)

SE-30  
(7/79)

11970  
RECORDED NO. 11970 FILE 1425  
JUL 1 1980 12 14 PM  
INTERSTATE COMMERCE COMMISSION

**PURCHASE MONEY MORTGAGE**

**Dated as of July 1, 1980**

**By and Between**

**GEORGETOWN RAILROAD COMPANY, INC.**

**and**

**THE CAPITAL NATIONAL BANK IN AUSTIN**

**PURCHASE MONEY MORTGAGE**

**Dated as of July 1, 1980**

**By and Between**

**GEORGETOWN RAILROAD COMPANY, INC.**

**and**

**THE CAPITAL NATIONAL BANK IN AUSTIN**

## PURCHASE MONEY MORTGAGE

This Purchase Money Mortgage (hereinafter called the "Agreement") dated as of July 1, 1980, is entered into by and between GEORGETOWN RAILROAD COMPANY, INC., a Texas corporation (hereinafter called the "Railroad") and THE CAPITAL NATIONAL BANK IN AUSTIN, a national banking association (hereinafter called the "Bank").

### RECITALS

The Railroad has requested the Bank to finance a portion of the purchase price and refurbishing cost of certain railroad equipment, and the Bank has agreed to do so in accordance with and subject to the terms and conditions hereof.

### AGREEMENTS

For and in consideration of the premises, the mutual promises hereinafter set forth, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Purchase of Equipment. The Railroad has agreed to purchase certain used railroad equipment ("Equipment") consisting of an aggregate of 358 Plain Gondolas with identifying numbers SP 334012 through SP 334399 (individually "Unit" and collectively "Units") pursuant to the terms of a Purchase Agreement dated as of May 12, 1980, by and between the Railroad and Crocker National Bank ("Seller") as Trustee for Bank of America National Trust and Savings Association. The Railroad has agreed to pay the Seller the sum of Twelve Thousand and No/100 Dollars (\$12,000.00) per Unit.

Section 2. Refurbishing of Equipment. In addition, the Railroad will have each Unit which it purchases from Seller refurbished at an anticipated cost of Eleven Thousand and No/100 Dollars (\$11,000.00) per Unit. The Railroad's total cost for each Unit, after purchase and refurbishing, will equal approximately Twenty-Three Thousand and No/100 Dollars (\$23,000.00).

Section 3. Financing of Equipment. In order to finance the purchase of the Equipment, the Railroad has requested the Bank to advance funds for the purchase and refurbishing thereof, which sum shall equal Sixty-Five percent (65%) of the total cost for purchasing and refurbishing each Unit.

Section 4. Purchase Price and Refurbishing Cost. The purchase price for each Unit shall be Twelve Thousand and No/100 Dollars (\$12,000.00) ("Purchase Price"), and the cost for refurbishing each Unit is anticipated to be Eleven Thousand and No/100 Dollars (\$11,000.00) ("Refurbishing Cost") for an aggregate of Eight Million Two Hundred Thirty-Four Thousand and No/100 Dollars (\$8,234,000.00). The amount thereof to be advanced by the Bank (hereinafter called the "Advances") shall equal Sixty-Five percent (65%) of the sum of the actual amount of the Purchase Price and Refurbishing Cost per Unit (whether such actual amount is lesser or greater than the Purchase Price and Refurbishing Cost set forth above), but in no event shall such sum exceed the amount of Five Million Three Hundred Seventy Thousand and No/100 Dollars (\$5,370,000.00) in the aggregate. The excess Purchase Price and Refurbishing Cost over the Advances shall be paid by the Railroad in cash.

For the purpose of making settlement, it is anticipated that the Equipment shall be settled for in eight groups comprising forty (40) Units each and a ninth group comprising thirty-eight (38) Units (each being hereinafter referred to as a "Group").

The Railroad hereby acknowledges itself to be indebted to the Bank in the amount of, and hereby promises to pay in cash to the Bank at its banking house in Austin, Travis County, Texas, the sum of Five Million Three Hundred Seventy Thousand and No/100 Dollars (\$5,370,000.00) or the sum of all Advances made by the Bank with respect to the Purchase Price and Refurbishing Cost of the Equipment, whichever is the lesser, in twenty (20) consecutive equal (except for appropriate adjustment of the final installment, if necessary) quarterly installments of Two Hundred Sixty-Eight Thousand Five Hundred and No/100 Dollars (\$268,500.00) each, as hereinafter provided (the aggregate of said installments, together with interest thereon as hereinafter specified, being hereinafter called the "Purchase Money Indebtedness").

The first installment of the Purchase Money Indebtedness shall be payable on April 15, 1981, and subsequent installments shall be payable quarterly thereafter on each July 15, October 15, January 15, and April 15 (or if any such date is not a business day, on the next succeeding business day), until the Purchase Money Indebtedness is paid in full. The Railroad may prepay any amount of the Purchase Money Indebtedness at any time and from time to time, and such amount shall be applied to prepay in whole or in part installments thereafter falling due in the inverse order of maturity, but without premium or penalty. The unpaid principal amount of the Purchase Money Indebtedness shall bear interest during the period such indebtedness is outstanding at a rate per annum equal to

one percent (1%) in excess of the minimum commercial lending rate charged from time to time by Texas Commerce Bank in Houston, Texas, to responsible and substantial commercial borrowers for ninety (90) day loans ("Prime Rate"); provided, however, that such interest shall not, at any time, exceed the maximum lawful rate of interest allowed by applicable law. The interest rate shall be adjusted without notice to the Railroad effective on the date of any change in the Prime Rate. The interest shall be due and payable quarterly as it accrues on the same dates as, but in addition to, the above installments.

The term "Closing Date" with respect to a Group shall mean such date (on or after the date hereof and not later than March 31, 1981 [hereinafter called the "Cut-off Date"]) upon which occurs the presentation to the Bank by the Railroad of Bills of Sale with respect to the Purchase Price or invoices with respect to the Refurbishing Costs, or both, and a Certificate or Certificates of Acceptance for the Equipment, as shall be fixed by the Railroad by written notice delivered to the Bank at least five business days prior to the Closing Date designated therein. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and holidays on which banking institutions in the State of Texas are authorized to close.

Interest under this Agreement shall be determined on the basis of a 365 or 366 day year, as the case may be.

The Railroad will pay, to the extent legally enforceable, interest at the maximum lawful rate permitted by applicable law (except that in the event no maximum lawful rate exists, then at a rate equal to four percent (4%) in excess of the Prime Rate) upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof, anything herein to the contrary notwithstanding.

All payments provided for in this Agreement shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

The intention of the parties hereto is to conform to all applicable usury laws. The maximum amount of interest which may be charged to, and collected from, the Railroad shall be limited to and shall in no event exceed the maximum amount of interest which could lawfully be charged in accordance with any applicable laws, so that, any provision of any agreement or any other instrument evidencing or securing the Purchase Money Indebtedness notwithstanding, in no event shall the aggregate of the interest on the principal amount of the Purchase Money Indebtedness, or any other amounts which under principles

of applicable laws are deemed to be interest, ever exceed the maximum amount of interest which, under said laws, could be lawfully charged on the principal balance of the Purchase Money Indebtedness from time to time remaining unpaid. In this connection, it is expressly agreed that it is the intention of the Railroad and the Bank to contractually limit the maximum amounts payable by the Railroad in connection with the Purchase Money Indebtedness which would be deemed "interest" under applicable laws to the maximum amount of interest which would be permitted under said laws. In furtherance thereof, it is agreed that none of the terms of this Agreement, or any instruments evidencing or securing the payment of the Purchase Money Indebtedness, shall ever be construed to create a contract to pay for the use, forbearance, or detention of money, interest at a rate in excess of the maximum interest rate permitted to be charged by applicable laws, and the Railroad or any guarantor, endorser, or other party now or hereafter becoming liable for the payment of the Purchase Money Indebtedness shall never be liable for interest in excess of the maximum interest that could be charged lawfully under such laws; and the provisions of this paragraph shall be deemed to govern the maximum rate and amount of interest which may be paid and shall control over all other provisions of this Agreement and any other instruments evidencing or securing the Purchase Money Indebtedness which might be in apparent conflict herewith. Specifically and without limiting the generality of the foregoing, it is expressly provided that the maximum amount of interest contracted for and payable on the principal balance of the Purchase Money Indebtedness shall be calculated so as to effect strict compliance with any applicable laws, so that:

- (a) If when any installment of interest calculated under the provisions hereof becomes due and the aggregate amount thereof, when added to the aggregate amount of any other amounts which constitute interest on the principal balance of the Purchase Money Indebtedness and have been theretofore paid thereon, would be in excess of the maximum rate of interest permitted by applicable laws in light of all Advances, discounts, payments, or prepayments theretofore made thereon, then the aggregate amount of such interest installment shall be automatically reduced to the maximum sum, if any, which could lawfully be paid as interest on the principal balance of the Purchase Money Indebtedness on such date under such circumstances;
- (b) In the event of voluntary prepayment of the principal balance of the Purchase Money Indebtedness or payment prior to the normal maturity date thereof resulting from acceleration of maturity thereof, if the aggregate amounts of interest calculated thereunder, plus the amount of any interest accruing after maturity, and plus any other amounts which constitute interest in the aggregate, is paid on the



Purchase Money Indebtedness (if calculated in accordance with provisions other than this paragraph) would exceed the maximum amount of interest which under applicable laws could lawfully be charged on the unpaid principal balance from time to time remaining unpaid to the date of such payment, then in such event the amount of such excess shall not be payable or due (if not previously paid) or (if and to the extent paid) shall be credited toward the payment of principal on the Purchase Money Indebtedness so as to reduce the amount of the final payment of principal due thereon; and

- (c) If under any circumstances the aggregate amounts paid on the Purchase Money Indebtedness prior to and incident to final payment thereof include any amounts which by applicable laws would be deemed interest and which would exceed the maximum amount of interest which under such laws could lawfully have been collected thereon, the Railroad and the Bank stipulate that such payment and collection will have been and will be deemed to have been the result of mathematical error on the part of the Railroad or the Bank, and the party receiving such excess payment shall promptly refund the amount of such excess (to the extent only of the excess of such interest payments above the maximum amount which would lawfully have been collected and retained) upon discovery of such error by the party receiving such payment or notice thereof from the party making such payment.

Section 5. Taxes. No Advances to be made by the Bank hereunder shall be used by the Railroad for the payment of any local, state, federal or foreign taxes or license fees, assessments, charges, fines or penalties hereafter levied or imposed upon or in connection with or measured by, this Agreement or any sale, use, payment, shipment, delivery, or transfer of title to the Equipment (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "impositions"), all of which impositions the Railroad assumes and agrees to pay when due, unless being contested by appropriate proceedings prosecuted with due diligence and with respect to which adequate reserves are created therefor on the books of the Railroad. The Railroad will also pay promptly all impositions which may be imposed upon the Equipment delivered to it or for the use or operation thereof or upon the earnings arising therefrom by reason of its ownership or operation thereof and will keep at all times all and every part of the Equipment free and clear of all impositions which might in any way affect the title of the Railroad or the security interest of the Bank therein or result in a lien upon any part of the Equipment; provided, however, that the Railroad shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal proceed-

ings such impositions and the nonpayment thereof does not, in the opinion of the Bank, adversely affect the property or rights of the Bank in or to the Equipment or otherwise under this Agreement. If any such impositions shall have been charged or levied against the Bank directly and paid by the Bank, the Railroad shall reimburse the Bank upon presentation of an invoice therefor, and any amount so paid by the Bank shall be secured by and under this Agreement.

Section 6. Security Interest In Equipment. As security for the payment of the Purchase Money Indebtedness and any other sums to become owing by the Railroad to the Bank pursuant to this Agreement and for the performance by the Railroad of its obligations under this Agreement, the Railroad hereby grants to the Bank a security interest in and to the Equipment until the Railroad shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding the delivery of the Equipment to and the possession and use thereof by the Railroad as provided in this Agreement. Any and all additions to the Equipment and any and all replacements of the Equipment and of parts thereof and additions thereto shall constitute accessions to the Equipment and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

The Railroad represents and warrants to the Bank that none of the Equipment is being acquired by the Railroad as replacements of any equipment which is presently subject to any conditional sale agreement or any other financing arrangement whatsoever.

Except as otherwise specifically provided in Section 8 hereof, when and only when the full indebtedness in respect of the Purchase Price and Refurbishing Cost of the Equipment, together with interest and all other payments as herein provided, shall have been paid, and all the Railroad's obligations herein contained shall have been performed by the Railroad, the Bank shall, upon written request of the Railroad, and at the Railroad's expense, execute and deliver a release hereof and such other documents as may be necessary for filing, recording or depositing in all necessary public offices, in order then to make clear upon the public records the title of the Railroad to the Equipment. The Railroad hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such release or other instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such release or instruments or to file such certificate within a reasonable time after written demand by the Railroad.

**Section 7. Marking of Equipment.** The Railroad will cause each Unit of the Equipment to be numbered with a new identifying number within the series GRR 1400 through GRR 1757, inclusive, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "The Capital National Bank in Austin, Texas, Security Owner", or other appropriate markings approved by the Bank, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Bank's security interest in and to the Equipment and its rights under this Agreement. The Railroad will not place any such Unit in operation or exercise any control or dominion over the same until such markings have been made thereon and will replace promptly any such markings which may be removed, defaced, or destroyed. The Railroad will not change the number of any Unit of the Equipment except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Bank by the Railroad and filed, recorded, and deposited by the Railroad in all public offices where this Agreement shall have been filed, recorded, and deposited. Except as provided in the immediately preceding sentence, the Railroad will not allow the name of any person, association or corporation to be placed on any Unit of the Equipment as a designation that might be interpreted as a claim of ownership or security interest; provided, however, that the Railroad may cause the Equipment to be lettered with the names or initials or other insignia of the Railroad.

**Section 8. Casualty Occurrences.** In the event that any Unit of the Equipment shall be worn out, lost, stolen, destroyed, irreparably damaged or otherwise rendered permanently unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (such occurrences being hereinafter called "Casualty Occurrences"), the Railroad shall promptly (after it has knowledge of such Casualty Occurrence) and fully inform the Bank in regard thereto. When the aggregate Casualty Value (as defined herein) of all Units having suffered a Casualty Occurrence (exclusive of Units having suffered a Casualty Occurrence with respect to which a payment shall have been made to the Bank pursuant to this Section 8) hereunder shall exceed \$50,000.00 (or such lesser amount as the Railroad may elect), the Railroad, within 30 days after it has knowledge of such event, shall promptly pay to the Bank a sum equal to the aggregate Casualty Value of such Units of the Equipment as of the date of such payment and shall file with the Bank a certificate of an officer of the Railroad setting forth the Casualty Value of each Unit of the Equipment suffering a Casualty Occurrence.

Any money paid to the Bank pursuant to the preceding paragraph of this Section 8 shall, as the Railroad may direct in a written instrument filed with the Bank, be applied (so long as no event of default shall have occurred and be continuing), in whole or in part, to prepay principal installments of Purchase Money Indebtedness or toward the cost of a unit or units of standard-gauge railroad equipment (other than passenger or work equipment of types other than locomotives) first put into service no earlier than the date of this Agreement, to replace Units suffering a Casualty Occurrence. If such replacement equipment shall be equipment theretofore used in railroad service, the Railroad shall deliver to the Bank a certificate of an officer of the Railroad that the cost of such equipment does not exceed the fair value thereof. In case any money is applied to prepay indebtedness, it shall be so applied, on the installment date for the payment of Purchase Money Indebtedness next following receipt by the Bank of such written direction, to reduce installments thereafter falling due in the inverse order of maturity thereof without premium.

The Casualty Value of each Unit of the Equipment (other than a replacement unit) shall be deemed to be that amount which bears the same ratio to the aggregate of the original Purchase Price and Refurbishing Cost thereof as the unpaid Purchase Money Indebtedness (without giving effect to any prepayments then or theretofore made pursuant to this Section 8) as of the date payment is made with respect to such Casualty Occurrence bears to the original Purchase Money Indebtedness. The Casualty Value of each replacement unit shall be deemed to be that amount which bears the same ratio to the portion of the cost thereof advanced by the Bank as the unpaid Purchase Money Indebtedness (without giving effect to any prepayments then or theretofore made pursuant to this Section 8) as of the date advancement is made with respect to such Casualty Occurrence bears to the unpaid Purchase Money Indebtedness (without giving effect to any such prepayments) as of the date of acquisition by the Railroad of such replacement unit.

The Railroad will cause any replacement unit or units to be marked as provided in Section 7 hereof. Any and all such replacements of Equipment shall constitute accessions to the Equipment and shall be subject to all appropriate terms and conditions of this Agreement as though part of the original Equipment delivered hereunder and shall be included in the term "Equipment" as used in this Agreement. Title to all such replacement units shall be free and clear of all liens and encumbrances except liens of the Bank hereunder and the liens permitted by the second paragraph of Section 12 hereof and shall be taken initially and shall remain in the name of the Railroad subject to the provisions hereof, and the Railroad shall execute, acknowledge, deliver, file, record or deposit all such

documents and do any and all such acts as may be necessary to cause such replacement units to come under and be subject to this Agreement. All such replacement units shall be guaranteed and warranted in like manner as is customary at the time for similar equipment. Whenever the Railroad shall file with the Bank a written direction to apply amounts toward the cost of any replacement unit or units, the Railroad shall file therewith executed counterparts of an opinion of counsel covering the matters set forth in this paragraph.

So long as no event of default shall have occurred and be continuing, any money paid to the Bank pursuant to this Section 8 shall, if the Railroad shall in writing so direct, be invested, pending its application as hereinabove provided, in such (i) direct obligations of the United States of America or obligations for which the faith of the United States is pledged to provide for the payment of principal and interest, (ii) open market commercial paper rated within the two highest grades by Standard and Poor's Corporation or Moody's Investors Service, or the successor of either of them, or (iii) certificates of deposit of commercial banks in the United States of America having a capital and surplus aggregating at least \$10,000,000, in each case maturing in not more than one year from the date of such investment (such investments being hereinafter called "Investments"), as may be specified in such written direction. Any such obligations shall from time to time be sold and the proceeds reinvested in such Investments as the Railroad may in writing direct. Any interest received by the Bank on any Investments shall be held by the Bank and applied as hereinafter provided. Upon any sale or the maturity of any Investments, the proceeds thereof, plus any interest received by the Bank thereon, up to the cost (including accrued interest) thereof, shall be held by the Bank for application pursuant to this Section 8, and any excess shall be paid to the Railroad. If such proceeds (plus such interest) shall be less than such cost, the Railroad will promptly pay to the Bank an amount equal to such deficiency. The Railroad will pay all expenses incurred by the Bank in connection with the purchase and sale of Investments.

If one or more events of default shall have occurred and be continuing, all money held by the Bank pursuant to this Section 8 (including, for this purpose, Investments) shall be applied by the Bank as if such money were money received upon the sale of Equipment pursuant to Section 17 hereof.

In order to facilitate the sale or other disposition of any Equipment suffering a Casualty Occurrence, the Bank shall, upon request of the Railroad, after payment by the Railroad of a sum equal to the Casualty Value of such Equipment, execute and deliver to

the Railroad or the Railroad's vendee, assignee or nominee, a release of lien (without warranties) for such Equipment, and such other documents as may be required to release such Equipment from the terms and scope of this Agreement, in such form as may be reasonably requested by the Railroad.

Section 9. Maintenance; Compliance With Laws and Rules. The Railroad will at all times maintain the Equipment or cause the Equipment to be maintained in good order and repair at its own expense.

During the term of this Agreement, the Railroad will at all times comply in all respects with all laws of the jurisdictions in which its operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or addition of any part on any unit of the Equipment, the Railroad will conform therewith, at its own expense; provided, however, that the Railroad may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Bank, adversely affect the property or rights of the Bank under this Agreement.

Section 10. Reports and Inspections. On or before March 31 in each year, commencing with the calendar year which begins after the expiration of 120 days from the date of this Agreement, the Railroad shall furnish to the Bank an accurate statement signed by an officer of the Railroad (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units of the Equipment that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Agreement in the case of the first such statement) and such other information regarding the condition and state of repair of the Equipment as the Bank may reasonably request and (b) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Section 7 hereof have been preserved or replaced. The Bank shall have the right, by its agents, to inspect the Equipment and the Railroad's records with respect thereto at such reasonable times as the Bank may request during the term of this Agreement.

Section 11. Possession and Use. The Railroad, so long as an event of default shall not have occurred under this Agreement and be continuing, shall be entitled to the posses-

sion of the Equipment and the use thereof upon the lines of railroad owned or operated by it either alone or jointly with others and whether under lease or otherwise, or upon the lines of railroad owned or operated by any railroad company controlled by, or under common control with, the Railroad, or over which it has trackage rights, or upon connecting and other carriers in the usual interchange of traffic, from and after delivery of the Equipment to the Railroad, but only upon and subject to all the terms and conditions of this Agreement. The Railroad represents and warrants to the Bank that (a) the Equipment will not be used in any jurisdiction unless an appropriate instrument has first been filed or recorded for the proper protection of the Bank in accordance with Section 19 of this Agreement, and (b) it will do any act or acts which are required by law or by the Bank pursuant to Section 19 of this Agreement.

Section 12. Prohibition Against Liens. The Railroad will pay or discharge any and all sums claimed by any party from, through or under the Railroad or its successors or assigns which, if unpaid, might become a lien, charge or security interest on the Equipment, or any Unit thereof, equal or superior to the Bank's security interest therein; provided, however, that the Railroad shall be under no obligation to pay or discharge any such claim so long as it is contesting in good faith and by appropriate legal proceedings such claim and the nonpayment thereof does not, in the opinion of the Bank, adversely affect the property or rights of the Bank in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Bank in discharge of liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

Section 13. Railroad's Indemnities. The Railroad agrees to indemnify, protect and hold harmless the Bank from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including counsel fees, arising out of the security interest and lien of the Bank in and to the Equipment, the use and operation thereof by the Railroad during the period when a security interest therein remains in the Bank or the release of lien to the Equipment by the Bank pursuant to any of the provisions of this Agreement. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under this Agreement, or the satisfaction, discharge or termination of this Agreement in any manner whatsoever.

Section 14. Conditions to Advances; Etc. The Bank, on each Closing Date fixed as provided in Section 4 of this Agreement with respect to a Group (as defined in said Section 4) of the Equipment, shall advance to the Seller or to such person or entity who has supplied materials and labor and fully performed all of the refurbishing work with respect thereto (the "Contractor"), as the case may be, an amount equal to the portion of the Purchase Price or Refurbishing Cost, as the case may be, which, under the terms of said Section 4, is to be advanced by the Bank, provided that there shall have been delivered to the Bank, at least five business days (as defined in said Section 4) prior to such Closing Date (or evidence satisfactory to the Bank that such items shall be delivered on the Closing Date, coupled with the actual delivery thereof on the Closing Date), the following documents, in form and substance satisfactory to the Bank and its counsel, in such number of counterparts as may be reasonably requested by the Bank:

(a) As to any Advance made with respect to the Purchase Price of a Unit:

- (i) A Bill of Sale from the Seller to the Railroad transferring title to the Railroad to the Units of the Equipment in such Group, in such form and with such warranties as may be acceptable to the Bank;
- (ii) A Certificate or Certificates of Acceptance with respect to the Units of the Equipment in such Group as contemplated by Section 4 of this Agreement;
- (iii) An invoice of the Seller for the Units of the Equipment in such Group accompanied by or having endorsed thereon a certification by the Railroad as to the correctness of the prices of such Units;
- (iv) Evidence that this Agreement has been duly filed and recorded with the Interstate Commerce Commission in accordance with Section 11303 of the Interstate Commerce Act;
- (v) A Receipt from the Seller for any payment of the portion of the Purchase Price which is not advanced by the Bank or satisfactory evidence to the Bank that such portion has been or will be paid simultaneously with the Advance by the Bank;
- (vi) An Association of American Railroads Certificate Form 88-A-4-1, signed by a representative of Southern Pacific Company with respect to the Units of the Equipment in such Group and approved in writing by the Railroad.

(b) As to any Advance made with respect to the Refurbishing Cost of any Unit of the Equipment:

- (i) Each of the items set forth in Section 14(a) of this Agreement with respect to the Units of the Equipment in such Group, to the extent such item was not previously delivered to the Bank and the Bank consented thereto;
- (ii) A Certificate or Certificates of Acceptance with respect to the Units of the Equipment in such Group certifying that such Units have been inspected by a representative of the Railroad and have been found to conform to the drawings,



specifications, requirements and standards applicable thereto and that such Units have been plainly, distinctly, permanently and conspicuously marked by stencil on each side of the Equipment in letters no less than one inch in height the legend required pursuant to this Agreement;

- (iii) An invoice of the Contractor for the Unit of the Equipment in such Group accompanied by or having endorsed thereon a certification by the Railroad as to the correctness of the amount thereof.

(c) As to the first Advance and such other Advances as the Bank may request:

- (i) A satisfactory Certificate of Existence from the Secretary of State of the State of Texas with respect to the Railroad and a satisfactory Certificate of Good Standing from the Comptroller of Public Accounts of the State of Texas with respect to the Railroad;
- (ii) Certified copies of all corporate action taken by the Railroad to authorize the execution and delivery of this Agreement and to perform all of its obligations hereunder;
- (iii) A current Certificate of Incumbency;
- (iv) Such other letters, certificates, or instruments as the Bank may reasonably request.

No Advances need be made by the Bank under this Agreement if such Advance should cause the Bank to be in violation of any governmental rule or regulation applicable to the Bank.

Section 15. Assignments. The Railroad will not sell, assign, transfer or otherwise dispose of its rights under this Agreement or, except as provided in Article 11 hereof, transfer the right to possession of any Unit of the Equipment without first obtaining the written consent of the Bank. Subject to the prior written approval of the Bank, a sale, assignment, transfer or disposition to a railroad company organized under the laws of the United States of America or any of the states thereof which shall acquire all or substantially all the lines of railroad of the Railroad, and which, by execution of an appropriate instrument satisfactory to the Bank, shall assume and agree to perform each of and all the obligations and covenants of the Railroad under this Agreement, shall not be deemed a breach of this covenant.

All or any of the rights, benefits and advantages of the Bank under this Agreement, including the right to receive the payments herein provided to be made by the Railroad, may be assigned by the Bank and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve the Railroad of any of its obligations to the Bank hereunder.

Upon any such assignment either the assignor or the assignee shall give written notice to the Railroad, together with a counterpart or copy of such assignment, stating the

identity and post office address of the assignee, and such assignee shall by virtue of such assignment acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Railroad of the notification of any such assignment, all payments thereafter to be made by the Railroad under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

In the event of any such assignment or successive assignments by the Bank, the Railroad will, if necessary upon request of the assignee, change the markings on each side of each Unit of the Equipment so as to be consistent with the interests of the assignee in the Equipment. The cost of such markings in the event of an assignment of not less than all the Equipment at the time covered by this Agreement shall be borne by the Railroad and, in the event of an assignment of less than all such Equipment, such cost shall be borne by such assignee.

The Railroad will (a) in connection with each settlement for the Equipment subsequent to such assignment, deliver to the assignee, at the time of delivery of notice fixing the Closing Date for such Equipment, all documents required by the terms of such assignment to be delivered to such assignee in connection with such settlement, in such number of counterparts or copies as may reasonably be requested, except for any opinion of counsel for such assignee, and (b) furnish to such assignee such number of counterparts of any other certificate or paper required by the Bank as may reasonably be requested.

The foregoing provisions notwithstanding, it is expressly provided that this Agreement is not a negotiable document, but that it may be assigned in accordance with the foregoing terms.

The Railroad represents and warrants to the Bank that neither it nor anyone acting on its behalf has directly or indirectly requested or approached any other person or entity or solicited any loan with respect to the financing of the Equipment, other than the Bank.

Section 16. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

- (a) The Railroad shall fail to pay in full any of the Purchase Money Indebtedness, whether principal or interest, or any other sum payable by the Railroad as provided in this Agreement within five days after payment thereof shall be due hereunder; or
- (b) The Railroad shall, for more than 30 days after the Bank shall have demanded in writing performance thereof, fail or refuse to comply with any covenant, agree-

ment, term or provision of this Agreement, or of any agreement entered into concurrently herewith relating to the financing of the Equipment, on its part to be kept or performed or to make provision satisfactory to the Bank for such compliance; or

- (c) A petition for reorganization under Subchapter IV of the Bankruptcy Code (Railroad Reorganization), as now constituted or as said Subchapter IV may be hereafter amended, shall be filed by or against the Railroad and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Railroad under this Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier; or
- (d) Any other proceeding shall be commenced by or against the Railroad for any relief under any bankruptcy or insolvency law, or law relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the indebtedness payable hereunder), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Railroad under this Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Railroad or for its property in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or
- (e) The Railroad shall make or suffer any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment;

then at any time after the occurrence of such an event of default the Bank may, upon written notice to the Railroad and upon compliance with any mandatory legal requirements then in force and applicable to such action by the Bank, declare (hereinafter called a Declaration of Default) the entire Purchase Money Indebtedness, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Section 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. The Bank shall thereupon be entitled to recover judgment for the entire unpaid balance of the Purchase Money Indebtedness so payable, with interest as aforesaid, and to collect such judgment out of any property of the Railroad wherever situated. The Railroad shall promptly notify the Bank of any event which has come to its attention which constitutes, or which with the giving of notice and/or lapse of time could constitute, an event of default under this Agreement.

The Bank may at its election waive any such event of default and its consequences and rescind and annul any Declaration of Default by notice to the Railroad in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default had been made. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Railroad that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

Section 17. Remedies. At any time during the continuance of a Declaration of Default, the Bank may, subject to compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Bank, take or cause to be taken by its agent or agents immediate possession of the Equipment, or one or more of the Units thereof, without liability to return to the Railroad any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Section 17 expressly provided, and may remove the same from possession and use of the Railroad or any other person and for such purpose may enter upon the Railroad's premises or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Railroad.

In case the Bank shall demand possession of the Equipment pursuant to this Agreement and shall reasonably designate a point or points upon the premises of the Railroad

for the delivery of the Equipment to the Bank, the Railroad shall, at its own expense and risk, forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any part of the Equipment has been interchanged to return the Equipment so interchanged), cause (a) the Equipment to be moved to such point or points on its lines as shall be designated by the Bank and shall there deliver the Equipment or cause it to be delivered to the Bank, and (b) the equipment to be moved to such interchange point or points as shall be designated by the Bank upon any sale, lease or other disposal of all or any part of the Equipment by the Bank. At the option of the Bank, the Bank may keep the Equipment on any of the lines or premises of the Railroad until the Bank shall have leased, sold or otherwise disposed of the same, and for such purpose the Railroad agrees to furnish, without charge for rent or storage, the necessary facilities at any point or points selected by the Bank reasonably convenient to the Railroad and, at the Railroad's risk, to permit inspection of the Equipment by the Bank, the Bank's representatives and prospective purchasers and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Bank shall be entitled to a decree against the Railroad requiring specific performance hereof. The Railroad hereby expressly waives any and all claims against the Bank and its agent or agents for damages of whatever nature in connection with any retaking of any Unit of the Equipment in any reasonable manner.

At any time during the continuance of a Declaration of Default, the Bank (after retaking possession of the Equipment as hereinbefore in this Section 17 provided) may at its election and upon such notice as is hereinafter set forth retain the Equipment in satisfaction of the entire Purchase Money Indebtedness and make such disposition thereof as the Bank shall deem fit. Written notice of the Bank's election to retain the Equipment shall be given to the Railroad by telegram or registered mail, addressed as provided in Section 21 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Bank should elect to retain the Equipment and no objection is made thereto within the 30-day period described in the second proviso below, all the Railroad's rights in the Equipment shall thereupon terminate and all payments made by the Railroad may be retained by the Bank as compensation for the use of the Equipment by the Railroad; provided, however, that if the Railroad before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Bank the total unpaid balance of the Purchase Money Indebtedness, together

with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Bank in retaking possession of, removing and storing the Equipment and the Bank's reasonable attorneys' fees, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad; provided, further, that if the Railroad or any other persons notified under the terms of this paragraph object in writing to the Bank within 30 days from the receipt of notice of the Bank's election to retain the Equipment, then the Bank may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Bank shall have given no notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provision of this Section 17.

At any time during the continuance of a Declaration of Default, the Bank, with or without retaking possession thereof, at its election and upon reasonable notice to the Railroad and to any other persons to whom the law may require notice of the time and place, may sell the Equipment, or any Unit thereof, free from any and all claims of the Railroad or any other party claiming from, through or under the Railroad, at law or in equity, at public or private sale and with or without advertisement as the Bank may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Railroad should tender full payment of the total unpaid balance of the Purchase Money Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Bank in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Bank's reasonable attorneys' fees, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad. The proceeds of such sale, less the attorneys' fees and any other expenses incurred by the Bank in retaking possession of, removing, storing, holding, preparing for sale and selling the Equipment, shall be credited on the amount due to the Bank under the provisions of this Agreement.

Any sale hereunder may be held or conducted at such place or places and at such time or times as the Bank may specify, in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Bank may determine. The Bank or the Railroad may bid for and become the purchaser of the Equipment, or any Unit thereof, so offered for sale. The Railroad shall be given written notice of such sale not less than ten days prior thereto, by

telegram or registered mail addressed to the Railroad as provided in Section 21 hereof. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 railroads have been solicited in writing to submit bids), it shall be subject to the right of the Railroad to purchase or provide a purchaser, within ten days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Bank shall be the purchaser of the Equipment, it shall not be accountable to the Railroad (except to the extent of surplus money received as hereinafter provided in this Section 17), and in payment of the purchase price therefor the Bank shall be entitled to have accredited on account thereof all or any part of the sums due to the Bank from the Railroad hereunder. From and after the date of any such sale, the Railroad shall pay to the Bank the per diem interchange for each Unit of Equipment which shall not have been assembled, as hereinabove provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser at such sale.

Each and every power and remedy hereby specifically given to the Bank shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Bank. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Bank in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Railroad shall not otherwise alter or affect the Bank's rights or the Railroad's obligations hereunder. The Bank's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Railroad's obligations or the Bank's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Bank under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Railroad shall pay the amount of such deficiency to the Bank upon demand, together with the interest from the date of such demand to the date of payment by the Railroad at the highest prime rate of interest charged by any of the four New York City banks having the largest total assets in effect on the date such demand was made, and, if the Railroad shall fail to pay such deficiency, the Bank may bring suit therefor and shall be entitled to

recover a judgment therefor against the Railroad. If, after applying as aforesaid all sums realized by the Bank, there shall remain a surplus in the possession of the Bank, such surplus shall be paid to the Railroad.

The Railroad will pay all reasonable expenses, including attorneys' fees, incurred by the Bank in enforcing its remedies under the terms of this Agreement. In the event that the Bank shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Bank may recover reasonable expenses, including attorneys' fees, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Section 17 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

Section 18. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction (which is not overridden by applicable federal law) shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Railroad to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Railroad, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any Unit thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Bank's rights under this Agreement and any and all rights of redemption.

Section 19. Recording. The Railroad warrants that the Equipment will be used in interstate commerce. The Railroad will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed and recorded with the Interstate Commerce Commission in accordance with Section 11303 of the Interstate Commerce Act; and the Railroad will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Bank for the purpose of proper protection, to the satisfaction of counsel for the Bank, of the Railroad's title and the Bank's security interest in and to the Equipment and the Bank's rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Railroad will promptly furnish to the Bank certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Bank.



Section 20. Payment of Expenses. The Railroad will pay all reasonable costs and expenses incident to the preparation or enforcement of this Agreement and any instrument supplemental or related hereto or thereto, including all fees and expenses of counsel for the Bank.

Section 21. Notice. Any notice hereunder to each of the parties designated below shall be deemed to be properly served if delivered or mailed to it at its chief place of business at the following specified addresses:

- (a) To the Railroad at P.O. Box 529, Georgetown, Texas, 78626
- (b) To the Bank at P.O. Box 550, Austin, Texas, 78789

or to such other address within the State of Texas as may have been furnished in writing by either party to the other party to this Agreement in accordance with the terms of this paragraph. The Railroad represents and warrants that its chief place of business is in the State of Texas.

Section 22. Section Headings; Effect and Modification of Agreement. All section headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

This Agreement, including the Schedules hereto, exclusively states the rights of the Bank and the Railroad with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Bank and the Railroad.

Section 23. Law Governing. The Railroad warrants that its chief place of business and its chief executive office are located in the state specified in Section 21 hereof. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of such state; provided, however, that the parties shall be entitled to all rights conferred by Section 11303 of the Interstate Commerce Act and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

Section 24. Execution. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. Although this Agreement is dated

as of the date first set forth above, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgements hereto annexed.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective authorized officers as of the first date above written.

Attest:  
Sam W. Brady  
Secretary

GEORGETOWN RAILROAD COMPANY  
By W. P. Ludwig, Jr.  
President

THE CAPITAL NATIONAL BANK IN AUSTIN  
By Clyde Z. Lord  
Se. Vice President

ACKNOWLEDGEMENT

STATE OF TEXAS  
Williamson.  
COUNTY OF TRAVIS

Before me, the undersigned authority, on this day personally appeared W. P. Ludwig, Jr., President of Georgetown Railroad Company, a Texas corporation, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said corporation.

Given under my hand and seal of office on this the 7<sup>th</sup> day of July, 1980.

L. V. Tonn  
Notary Public, ~~Travis~~ County, Texas

Laverne J. Tonn  
(Type or Print Name)

My Commission Expires: 4-30-81

STATE OF TEXAS

COUNTY OF TRAVIS

Before me, the undersigned authority, on this day personally appeared Cliston Lind Sr. Vice President of The Capital National Bank in Austin, a Texas corporation, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said corporation.

Given under my hand and seal of office on this the 7 day of July, 1980.

Babs Gool  
Notary Public, Travis County, Texas

Babs Gool  
(Type or Print Name)

My Commission Expires: 10-15-81